

NOTICE TO THE PUBLIC is hereby given that the following popular name and ballot title for a proposed constitutional amendment has been certified by the Arkansas Attorney General. Pursuant to Arkansas Constitution, Amendment 7, any party may contest the popular name and ballot title as an original action with the Arkansas Supreme Court after the Secretary of State has verified the petition as having the sufficient number of qualified electors' signatures to have the measure placed on the ballot at the next general election.

Notice of Certification of Sufficiency

Pursuant to A.C.A. § 7-9-107

On March 20, 2006, this office received Opinion No. 2006-046 from the Attorney General for the State of Arkansas whereby he approved and certified a Popular Name and Ballot Title. Pursuant to A.C.A. § 7-9-107 the Secretary of State shall also approve and certify the proposed Popular Name and Ballot Title as certified by the Attorney General.

Therefore, I, Charlie Daniels, Secretary of State, State of Arkansas, do hereby approve and certify the sufficiency of the following:

Popular Name

AN AMENDMENT TO ESTABLISH A STATE LOTTERY; TO ALLOW ARKANSAS RESORTS & HOTELS, INC. TO OWN AND OPERATE SEVEN CASINO GAMING ESTABLISHMENTS ONE EACH IN SEBASTIAN, PULASKI, GARLAND, MILLER, CRITTENDEN, BOONE AND JEFFERSON COUNTIES; AND TO ESTABLISH THE ARKANSAS EDUCATIONAL TRUST FUND AND THE ARKANSAS GAMING COMMISSION

Ballot Title

AN AMENDMENT TO THE ARKANSAS CONSTITUTION TO:
1) ESTABLISH A STATE-RUN LOTTERY, TO BE OPERATED BY THE ARKANSAS GAMING COMMISSION; 2) AUTHORIZE SEVEN CASINO GAMING ESTABLISHMENTS, TO BE OWNED AND OPERATED BY “ARKANSAS RESORTS & HOTELS, INC.” (A PRIVATE FOR-PROFIT CORPORATION), ONE EACH TO BE LOCATED IN SEBASTIAN, PULASKI, GARLAND, MILLER, CRITTENDEN, BOONE AND JEFFERSON COUNTIES, THE OPERATIONS OF WHICH SHALL BE AUDITED BY THE ARKANSAS GAMING COMMISSION FOR THE SOLE PURPOSE OF INSURING THAT CASINO TAXES ARE PAID, BUT WHICH SHALL NOT OTHERWISE BE REGULATED BY THE GAMING COMMISSION; 3) PROHIBITING THE GENERAL ASSEMBLY, THE ARKANSAS GAMING COMMISSION, AND ANY POLITICAL SUBDIVISION OF THE STATE FROM ENACTING ANY LEGISLATION, RULES OR REGULATIONS REGARDING CASINO GAMING; 4) PROHIBITING CASINO GAMING AT ANY OTHER THAN THE LOCATIONS OPERATED BY ARKANSAS RESORTS & HOTELS, INC; 5) PROHIBITING PERSONS UNDER THE AGE OF 21 FROM PARTICIPATING IN THE STATE RUN LOTTERY OR CASINO GAMING; 6) REQUIRING AT LEAST 50% OF STATE LOTTERY REVENUE TO BE DISTRIBUTED AS PRIZES, AT LEAST 45% OF LOTTERY REVENUE TO BE PAID TO THE ARKANSAS EDUCATIONAL TRUST FUND AND NO MORE THAN 5% FOR THE EXPENSES OF THE LOTTERY; 7) REQUIRING THAT THE GROSS GAMING REVENUE (AS DEFINED) OF A CASINO SHALL BE SUBJECT TO THE GROSS RECEIPTS TAX LEVIED BY THE TAXING JURISDICTIONS WHERE A CASINO IS LOCATED AT THE SAME RATE AS FOR BUSINESSES GENERALLY, AND THE PORTION OF THE TAX PAID TO THE STATE SHALL BE ALLOCATED AS FOLLOWS:

80% TO THE STATE'S GENERAL REVENUE FUND ACCOUNT OF THE STATE APPORTIONMENT FUND FOR THE PURPOSE OF ATTEMPTING TO REDUCE OR ELIMINATE THE GROSS RECEIPTS TAX ON PRESCRIPTION MEDICATIONS AND FOOD PURCHASED IN A RETAIL FOOD STORE, WITH ANY EXCESS RETURNED TO THE GENERAL REVENUE FUND ACCOUNT OF THE STATE APPORTIONMENT FUND, 15% TO THE ARKANSAS EDUCATIONAL TRUST FUND; 5% TO THE STATE'S GENERAL REVENUE FUND ACCOUNT OF THE STATE APPORTIONMENT FUND FOR THE OPERATIONAL COSTS OF THE ARKANSAS GAMING COMMISSION; 8) PROHIBITING ANY OTHER STATE OR LOCAL TAXES, FEES OR ASSESSMENTS ON THE FURNITURE, FIXTURES, EQUIPMENT, PROPERTY, BUSINESS OPERATIONS, GROSS REVENUES, GROSS GAMING REVENUES, OR INCOME OF ARKANSAS RESORTS & HOTELS, INC., DERIVED FROM OR USED IN CASINO GAMING WHICH ARE NOT LEVIED AGAINST BUSINESSES GENERALLY; 9) ESTABLISHING THE ARKANSAS EDUCATIONAL TRUST FUND AS AN ACCOUNT OUTSIDE OF THE STATE TREASURY TO BE HELD IN THE NAME OF THE ARKANSAS DEPARTMENT OF EDUCATION TO BE ALLOCATED AND ADMINISTERED BY THE DEPARTMENT OF EDUCATION, TO PROVIDE GRANTS TO QUALIFIED HIGH SCHOOL GRADUATES FOR POST-SECONDARY EDUCATION; DEFINING POST-SECONDARY EDUCATION AS THE PURSUIT OF AN UNDERGRADUATE DEGREE AT A PUBLIC OR PRIVATE UNIVERSITY, COLLEGE, COMMUNITY COLLEGE OR A DEGREE FROM A VOCATIONAL-TECHNICAL SCHOOL; REQUIRING NOT LESS THAN 24% OF THE EDUCATIONAL TRUST FUND TO BE USED TO EXPAND BOTH PUBLIC AND PRIVATE PRE-KINDERGARTEN EDUCATIONAL PROGRAMS AND TUTORIAL PROGRAMS FOR PRIMARY AND SECONDARY STUDENTS WHETHER THEY BE IN PUBLIC OR PRIVATE SCHOOLS; GIVING THE ARKANSAS DEPARTMENT OF

EDUCATION SOLE AUTHORITY OVER THE TRUST FUND AND THE RIGHT TO SET RULES AND REGULATIONS PERTAINING TO ITS DISTRIBUTION; 10) CREATING THE FIVE-MEMBER ARKANSAS GAMING COMMISSION, WHOSE MEMBERS SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE, WITH QUALIFICATIONS AND TERMS (NOT TO EXCEED FOUR YEARS), SET BY THE GENERAL ASSEMBLY, AND WHO SHALL: 1) ESTABLISH AND OPERATE THE STATE LOTTERY; AND 2) AUDIT THE OPERATIONS OF THE CASINOS FOR THE SOLE PURPOSE OF INSURING THAT ALL CASINO TAXES ARE PAID; PROVIDING FOR JUDICIAL REVIEW OF THE COMMISSION'S DECISIONS OR ACTIONS; PROVIDING THAT THE GENERAL ASSEMBLY SHALL APPROPRIATE SUCH FUNDS AND PASS SUCH LAWS AS IT DEEMS NECESSARY FOR THE OPERATION OF THE COMMISSION; 11) ALLOWING A CASINO TO OPERATE ANY DAY FOR ANY PORTION OF THE DAY; 12) ALLOWING THE SELLING OR FREE FURNISHING OF ALCOHOLIC BEVERAGES IN CASINOS DURING ALL HOURS THEY OPERATE BUT OTHERWISE REQUIRING ADHERENCE TO ALL ALCOHOLIC BEVERAGE CONTROL BOARD REGULATIONS; 13) PERMITTING THE SHIPMENT OF GAMBLING DEVICES INTO AUTHORIZED COUNTIES FOR PURPOSES OF FEDERAL LAW; 14) RENDERING THE PROVISIONS OF THE AMENDMENT SEVERABLE; 15) DECLARING INAPPLICABLE ALL CONSTITUTIONAL PROVISIONS AND LAWS TO THE EXTENT THEY CONFLICT WITH THE AMENDMENT.

AMENDMENT

Section 1: Establishment of a State-Run Lottery

1.1. A statewide state-run lottery is hereby established to be operated by the Arkansas Gaming Commission.

1.2. “Statewide state-run lottery” means any procedure to be conducted by the State of Arkansas whereby prizes are distributed among persons who have paid for a lottery ticket which provides the chance to win such prizes.

Section 2: Authorizing Casino Gaming

2.1. Casino gaming is hereby authorized to be conducted by Arkansas Resorts & Hotels, Inc., chartered in Arkansas on November 18, 2005, and shall be lawful and shall be considered an appropriate land use in the following counties: Sebastian; Pulaski; Garland; Miller; Crittenden; Boone; and Jefferson.

2.2. “Casino gaming” means any game played with cards, dice, equipment, or any mechanical, electromechanical, or electronic device, or machine for money, property, checks, credit or any representative of value, including, without limiting the generality of the foregoing, blackjack, poker, keno, baccarat, roulette, craps, slot machine, video poker or any other gaming, percentage game or any other game or device.

2.3. “Casino” means any facility owned and operated by Arkansas Resorts & Hotels, Inc. where casino gaming is conducted which is authorized by this Amendment to conduct casino gaming.

Section 3: Establishment of the Arkansas Educational Trust Fund

3.1. The Arkansas Educational Trust Fund is hereby established as an account outside the State Treasury to be held in the name of the Arkansas Department of Education. Any funds received by the Arkansas Educational Trust Fund pursuant to this Amendment are to be used to accomplish the purposes of Section 3 of this Amendment and are to be allocated and administered by the Arkansas Department of Education.

3.2. The trust funds shall be used to provide as many grants as possible to qualified high school graduates for a post-secondary education.

3.3. A “qualified high school graduate” means an individual who has graduated from an accredited Arkansas High School including any student who graduates from an accredited public or private high school in a bordering state, and whose education has been paid for by the State of Arkansas.

3.4. A “post-secondary education” means the pursuit of an undergraduate degree from an accredited public or private university, college, or a community college or a degree from a vocational-technical school.

3.5. The amount of the annual grant per individual shall not exceed the then current average annual cost of resident undergraduate tuition, books and mandatory fees charged by public universities in the State of Arkansas.

3.6. No individual may be eligible for scholarship for more than four academic years unless extended for good cause as determined by the Arkansas Department of Education.

3.7 Any remaining trust funds, but in any event no less than twenty-four percent (24%) of the trust funds, shall be used to expand both public and private pre-kindergarten educational programs and to expand and establish tutorial programs for primary and secondary students whether they be in public or private schools.

3.8 The Arkansas Department of Education shall have sole authority over the trust fund including the right to set rules and regulations pertaining to its distribution.

Section 4: Arkansas Gaming Commission

4.1. A commission to be known as the Arkansas Gaming Commission to consist of five (5) members is hereby created. The Arkansas Gaming Commission shall establish and operate the State Lottery and shall audit the operations of the Casinos once per annum to insure that all Casino taxes are paid.

4.2. The Governor shall appoint the members of the Arkansas Gaming Commission with the advice and consent of the State Senate. Such appointments shall be made within ninety (90) days of the passage of this Amendment and within ninety (90) days of any vacancy. The Governor shall appoint a Chairman from among the five (5) commissioners. The Members of the Arkansas Gaming Commission shall serve staggered terms. The terms and qualifications of the members shall be set by the Arkansas General Assembly and shall not exceed four years. A member may only be removed before that time by the Governor for cause with the concurrence of a majority of each house of the General Assembly. No Member of the General Assembly, no person holding elective office in the State government, no officer or official of any political party, and no person having any interest in any casino or in any other gaming or pari-mutual operations in this or any other State shall be eligible for appointment to the Arkansas Gaming Commission.

4.3. The General Assembly shall appropriate such funds and pass such laws as it deems necessary for the operation of the Arkansas Gaming Commission. However, The General Assembly, the Arkansas Gaming Commission, and any Political Subdivision of the State, shall not enact any legislation , rules or regulations regarding the operation of casino gaming as defined in Section 2 of this Amendment except as specifically authorized by this amendment.

4.4. The books, accounts and financial affairs of the Arkansas Gaming Commission shall be audited by the State Auditor at least once a year.

4.5. Any person aggrieved by a final decision, order, or the failure or refusal of the Arkansas Gaming Commission to act, may obtain a judicial review in the Circuit Court of Pulaski County or in the county where the aggrieved party is located.

Section 5: Allocation of Lottery Revenue

5.1. Revenue from the statewide state-run lottery shall be allocated as follows:

- (a) No less than fifty percent (50%) shall be returned to the public as prizes;
- (b) No less than forty-five percent (45%) shall be paid to the Arkansas Educational Trust Fund;
- (c) No more than five percent (5%) shall be used for the payment of the lottery's expenses; and
- (d) Any surplus after lottery expenses as stated in paragraph 5.1(c) above have been paid shall be paid to the General Revenue Fund Account of the State Apportionment Fund.

5.2. The books, accounts, and financial affairs of the statewide state-run lottery shall be audited by the State Auditor at least once a year.

Section 6: Dedication of Tax on Casino Gross Gaming Revenue

6.1. "Gross gaming revenue" means that total, measured on an annual basis, of cash received as winnings, cash received in payment for credit extended by Arkansas Resorts & Hotels, Inc., to a patron for purposes of gaming, and compensation received for conducting any game in which Arkansas Resorts & Hotels, Inc. is not a party to the wager, less the total of all cash paid out as losses to patrons and those amounts paid to purchase annuities to fund losses paid to patrons over several years.

6.2. The Gross Gaming Revenue of a casino shall be subject to the Gross Receipts Tax levied by the taxing jurisdictions where a casino is located at the same rate as for businesses generally. The total amount of said tax paid to the State shall be allocated as follows;

- (a) Eighty percent (80%) shall be paid to the State's General Revenue Fund Account of the State Apportionment Fund. The General Assembly is directed to apportion these tax revenues in an attempt to reduce or eliminate the State's gross receipts tax on prescription medications and on food purchased in a retail food store. Any surplus shall

be returned to the General Revenue Fund Account of the State Apportionment Fund;

(b) Fifteen percent (15%) shall be paid to the Arkansas Educational Trust Fund;

(c) Five percent (5%) shall be paid to the State's General Revenue Fund Account of the State Apportionment of which any portion may be allocated by the General Assembly for the operational cost of the Arkansas Gaming Commission;

(d) Any gross receipts tax levied by any political subdivision of the State on prescription medications or food will not be affected by the terms of this Amendment.

6.3. Except as specified in this Amendment, there shall be no taxes, fees, or assessment of any nature levied by the State or any county, city, incorporated town, administrative body, or any other political subdivision of the State on Arkansas Resorts & Hotels, Inc, included, but not limited to, its furniture, fixtures, equipment, property, business operations, gross revenues, gross gaming revenues or income derived from, or used in, casino gaming which are not levied against businesses generally in the State of Arkansas;

Section 7: Prohibition Against Minors

7.1 No person under the age of twenty-one (21) shall be allowed to participate in the state run lottery or casino gaming.

Section 8: Casino Gaming Restrictions

8.1. All of the games specified herein under the definition of “casino gaming” are permitted only at authorized locations operated by Arkansas Resorts & Hotels, Inc. and shall not be classified as a lottery under Article 19, Section 14 of the Arkansas Constitution.

8.2. Casino gaming may only be conducted by Arkansas Resorts & Hotels, Inc. and its employees.

8.3. No more than one Casino shall be operated by Arkansas Resorts & Hotels, Inc. in any one county.

8.4. Casinos shall be permitted to operate any day and for any portion of a twenty-four (24) hour day.

8.5. Arkansas Resorts & Hotels, Inc. shall abide by the rules and regulations of The Alcoholic Beverage Control Board in the sale of alcoholic beverages, beer, and wine in Casinos. Notwithstanding any law, rule, or regulation to the contrary, all Casinos shall be permitted to sell or provide complimentary alcoholic beverages during all hours they operate.

Section 9: Legal Shipments of Gambling Devices Into State

9.1 All shipments of gambling devices, including slot machines, into any county of the state within which casino gaming is authorized, the registering, recording, and labeling of which has been duly performed by the manufacturer or dealer thereof in accordance with Section 3 and 4 of that certain Act of the Congress of the United States entitled “An act to prohibit transportation of

gambling devices in interstate and foreign commerce," approved January 2, 1951, being c. 1194, 64 Stat. 1134, and also designated as 15 U.S.C. Sections 1171-1178, shall be deemed legal shipments thereof into any such county of this State within which casino gaming is authorized.

Section 10: Severability

10.1 If any provision of this Amendment, or the application of any such provision to any person or circumstance is held invalid, the validity of any other provision of this Amendment, or the application of such provision to other persons and circumstances, shall not be affected thereby, and to this end the provisions of this Amendment are declared to be severable.

Section 11: Inconsistent Provisions Inapplicable

11.1 All other provisions of the Constitution of this State, including Article 19, Section 14 of the Arkansas Constitution, and all other laws and parts of laws of this State, inconsistent or in conflict with any provision of this Amendment are expressly declared not to apply to any provision of this Amendment.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Office of Secretary of State on this the 20th day of March, 2006.

Charlie Daniels
SECRETARY OF STATE
STATE OF ARKANSAS

Paid for by:
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